



Public Service Commission of Wisconsin

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PSC Allows WP&L to Operate New Sheboygan Power Plant

MADISON – Today the Public Service Commission of Wisconsin (PSC) approved Wisconsin Power and Light Company's (WP&L) request to lease and operate the power plant owned by Sheboygan Power LLC, both subsidiaries of Alliant Energy Corporation.

In a verbal decision, the Commission determined WP&L would need additional generation to meet customer demand this summer. The Commission allowed WP&L to lease Sheboygan Power for \$135 million over the next 20 years, an amount lower than the \$146 million originally requested by Sheboygan Power.

The Commission trimmed \$11 million from the cost of two combustion turbines for the Sheboygan plant that were previously purchased by Alliant for a Michigan project that was terminated. The Commission also lowered the rate of return for investors from the 11.1 percent requested to 10.9 percent, saving ratepayers an additional \$2 million over the life of the lease. The Commission determined it would review the financial package in five years.

Sheboygan Power plans to complete the construction of the two natural gas-fired power generators no later than the end of June 2005. The new generators will have a capacity to produce 300 megawatts. (One megawatt can generate electricity for 500 residences.) WP&L plans to operate the Sheboygan facility during times of peak electric demand.

Power Ventures Group received approval from the Commission to construct the Sheboygan facility on June 30, 2004. On July 23, 2004 the Commission approved Alliant's purchase of Sheboygan Power from Power Ventures Group for the purposes of leasing generation to WP&L. The Commission's action today set the amount for the lease payments to be made by WP&L.

The Commission will issue a written order on today's decision at a later date.

(END)